

February 10, 2005

James C. Morriss III
Thompson & Knight LLP
1900 San Jacinto Center
98 San Jacinto Boulevard
Austin, Texas 78701-4081

RE: Gulfco Marine Maintenance National Priorities List Site in Freeport Texas

Dear Mr. Morriss:

This letter is to document the February 9, 2005, conference call between Region 6 and Headquarters representatives of the Environmental Protection Agency (EPA) and Jim Morriss (counsel for Dow Chemical), Liz Webb (counsel for Dow Chemical), Bill Mailey (counsel for Sequa Corporation), Pat Larkin (counsel for Sequa Corporation), Alan Daniels (counsel for LDL Coastal) (hereinafter referred to as "PRP Group") regarding the Gulfco Marine Maintenance National Priorities List Site (Gulfco Site).

The EPA representatives clarified that Region 6 has the delegated authority to determine the appropriate response action that EPA will take at the Gulfco Site. The Superfund Division Director, who is the delegated decision maker, has determined that the next step at the Gulfco Site is to determine the nature and extent of the contamination, and that the appropriate approach is to conduct a Remedial Investigation and Feasibility Study (RI/FS) in accordance with the National Contingency Plan. Region 6 is willing to consider proposals for expediting cleanup and reuse of the site, but any discussion of those alternatives must be preceded by a substantive proposal to complete cleanup of the Gulfco Site.

During the call you requested another opportunity to meet with the Superfund Division Director to discuss your belief that circumstances related to the Gulfco Site have changed since negotiations commenced and to detail your alternative approach for response. Your request was relayed to the Superfund Division Director and he has agreed to provide you the opportunity to discuss your proposal. Unfortunately, the only time he has available is between 1p.m. and 3p.m. on February 16, 2005. He also asked that I communicate that he only authorized the reopening of negotiations after our previous determination that you had failed to provide a good faith offer because you submitted a written commitment to negotiate an agreement to perform an RI/FS.



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During the call you expressed dismay that the Region declined to continue discussions on the Statement of Work. Based upon the nature of the comments received regarding the RI/FS and SOW and the Region's expressed expectation that negotiations conclude by January 31, 2005, the Region believes further negotiation would not be fruitful. We encourage you to sign the revised AOC for the RI/FS with the attached SOW by February 16, 2005.

If you have any questions or comments, please contact me at (214) 665-2157.

Sincerely,

Barbara A. Nann
Assistant Regional Counsel

cc: Bill Mailey
Alan Daniels

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